

Service Date: January 7, 1988

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER OF THE APPLICATION OF)	
THE MONTANA POWER COMPANY FOR)	
AUTHORITY TO ISSUE AND SELL NOT TO)	DOCKET NO. 87.12.79
EXCEED 400,000 SHARES OF PREFERRED)	ORDER NO. 5320
STOCK AT AN ASSUMED VALUE OF \$100 PER)	
SHARE AND/OR \$100,000,000 OF LONG)	
TERM DEBT)	
_____)	

On December 8, 1987, The Montana Power Company (Applicant or Company) filed with the Public Service Commission its verified Application, pursuant to Sections 69-3-501 through 69-3-507 of the Montana Code Annotated (MCA), seeking an order authorizing it to issue and sell not to exceed 400,000 shares of Preferred Stock at an assumed value of \$100 per share and/or \$100,000,000 of Long Term Debt, no later than December 1, 1988.

The Application is supported by exhibits and data in accordance with the Commission practice and rules and regulations governing such guarantees by public utilities operating within the State of Montana.

The Application states that Applicant is a public utility, as defined in MCA 69-3-101, in that it furnishes electric and natural gas service in the State of Montana; that Applicant's principal business office is at 40 East Broadway, Butte, Montana; and that Applicant is duly qualified to do business in the States of Montana, Wyoming and Idaho. For detailed information with respect to the general character of Applicant's business and the territory served by it, reference is made to the Application.

The Application states that:

(1) The need for additional funds can be foreseen within the time period set forth in the Application, but the Applicant cannot determine at this time the most advantageous time for issuance of Preferred Stock and/or Long Term Debt securities.

(2) Although the Applicant will have existing lines of short term credit available, the Applicant believes that the ability to issue Preferred Stock and/or Long Term Debt will provide additional needed funds to pay down current short term debt obligations and for other lawful corporate purposes as well as the ability to maintain an appropriate debt/equity capitalization ratio.

(3) Expenses in connection with issuance of the securities applied for are estimated to be \$300,000.

The Application includes an opinion of counsel regarding the legality and the propriety of the proposed issuance.

Notice of the filing of the Application has been given by inclusion of notice thereof in the Commission Agenda for December 14, 1987.

Having fully considered the Application and all the data and records pertaining thereto on file with the Commission and being fully advised in the premises, the Commission makes the following:

FINDINGS OF FACT

1. That Applicant, The Montana Power Company, is a corporation organized and existing under and by the virtue of the laws of the State of Montana and is qualified to transact business in the State of Montana.

2. That Applicant is operating as a public utility, as defined in MCA 69-3-101, and, as such, is engaged in furnishing electric and natural gas utility service in the State of Montana.

3. That the Commission has jurisdiction over the subject matter of the Application under MCA 69-3-501 through 69-3-507, inclusive.

4. That the Commission is concerned with the losses sustained by Colstrip Unit 4 and the role those losses have played in the need to issue the proposed securities. The Company is hereby alerted that the Commission will continue to pursue information in this area.

5. That the issuance of Preferred Stock and/or Long Term debt in the manner described in the Application, as proposed herein by the Applicant, and as hereinafter authorized, will be for a lawful purpose and is consistent with the public interest; that such issuance is appropriate for and consistent with the proper performance by Applicant of service as a public utility.

6. That notice of the filing of the Application has been duly given; that due consideration has been given to the matters presented and filed in connection herewith; and that the Application should be approved as hereinafter ordered.

CONCLUSION OF LAW

That the Application herein complies with MCA 69-3-501 through 69-3-507, inclusive, and other laws of Montana as aforesaid and the same should be granted as hereinafter ordered.

ORDER

NOW, THEREFORE, at a session of the Public Service Commission of the State of Montana, held in its office at 2701 Prospect Ave., Helena, Montana, on January 7, 1988 there regularly came before the Commission for final action the matters and things in this Docket.

The Commission being fully advised in the premises makes and enters the following Orders:

IT IS ORDERED that the Application of Applicant, The Montana Power Company, for an order authorizing the issuance and sale of Preferred Stock and/or Long Term Debt in the manner and for the purposes described in the Application by Applicant no later than December 1, 1988, is hereby approved and authorized subject to the provisions of this Order pursuant to MCA 69-3-501 through 69-3-507, inclusive.

IT IS FURTHER ORDERED that the Applicant promptly report to the Commission once the terms of the issue or issues have been established, the following information: (a) the per unit and total price at which the issue or issues are to be purchased from Applicant; and (b) the per unit and total price at which the issue initially is to be offered to the public (if a public offering is

to be made), as well as any other information requested by the Commission.

IT IS FURTHER ORDERED that the Company respond to all outstanding data requests in this Docket, as well as all succeeding data requests issued by the Commission pursuant to Finding of Fact No. 4.

IT IS FURTHER ORDERED that the foregoing authorization is without prejudice to the regulatory authority of this Commission with respect to rates, service, accounts, valuations, estimates or determinations of cost, or any other matter subject to its jurisdiction as provided by law.

IT IS FURTHER ORDERED that nothing in this Order or any act or deed done and performed in connection herewith shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized by this Order or authorized, issued, assumed, or guaranteed under the provisions of MCA 69-3-501 through 69-3-507, inclusive.

Issuance of this Order does not mean acceptance of the Applicant's exhibits or other material accompanying the Application for any purpose other than in connection with this proceeding.

Docket No. 87.12.79, Order No. 5320

7

DONE IN OPEN SESSION at Helena, Montana, this 7th day of
January, 1988, by a 5-0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

CLYDE JARVIS, Chairman

JOHN B. DRISCOLL, Commissioner

HOWARD L. ELLIS, Commissioner

TOM MONAHAN, Commissioner

DANNY OBERG, Commissioner

ATTEST:

Ann Purcell
Acting Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.

Docket No. 87.12.79, Order No. 5320

9